

I-195 REDEVELOPMENT DISTRICT COMMISSION

MEETING OF COMMISSION

PUBLIC SESSION

March 11, 2013

The I-195 Redevelopment District (the "District") Commission met on Monday, March 11, 2013 in Public Session, beginning at 5 PM, at the offices of the Rhode Island Economic Development Corporation, located at 315 Iron Horse Way, Suite 101, Providence, Rhode Island, pursuant to notice of the meeting to all Commissioners, and public notice of the meeting, a copy of which is attached hereto, as required by applicable Rhode Island law.

The following Commissioners were present and participated throughout the meeting: Chairperson Colin Kane, Ms. Barbara Hunger, Mr. John Kelly, Mr. Michael Van Leesten, Mr. Mark Ryan, Dr. Barrett Bready, Mr. Ruben Flores-Marzan and Mr. J.R. Pagliarini. Ms. Diana Johnson was absent.

Also present were Mr. Michael Walker, as staff assigned by the Rhode Island Economic Development Corporation, and Mr. Charles F. Rogers of Edwards Wildman Palmer LLP, legal counsel to the District.

Chairperson Kane called the meeting to order at 5:05 PM.

1. APPROVAL OF THE MINUTES OF THE MEETING HELD ON FEBRUARY 11, 2013

Chairperson Kane stated that the Public Session minutes and the Executive Session minutes from the meeting of February 11, 2013 have been distributed to the Commissioners, and asked if there were any comments or corrections.

Upon motion duly made by Mr. Van Leesten and seconded by Ms. Hunger, the following vote was adopted:

VOTED: To approve the Public Session and Executive Session minutes of the meeting held on February 11, 2013.

Voting in favor of the foregoing were: Chairperson Kane, Ms. Hunger, Mr. Kelly, Mr. Ryan, Dr. Bready and Mr. Van Leesten.

Voting against the foregoing were: None.

2. UPDATE ON EXECUTIVE DIRECTOR SEARCH PROCESS

Chairperson Kane gave an update on the status of the search. He noted that the Commissioners had met on March 4, 2013 for six hours, during which they interviewed four candidates for the position of Executive Director. He noted that Levin & Co., the firm retained to conduct the search, was standing by and awaiting further direction from the Commission before checking the references and doing a background check on the various candidates.

3. REVIEW OF LEGAL AND BUSINESS ISSUES REGARDING PURCHASE OF I-195 LAND AND RELATED BOND CLOSING

Chairperson Kane then said that he asked legal counsel to make a presentation to the Commissioners concerning the status of the real estate and bond closings, which need to be completed in order to enable the District to obtain title to the I-195 real estate. He asked Mr. Rogers to provide that update to the Commissioners. Mr. Rogers introduced his partner, Karen Grande, who is the lawyer managing the bond transaction. Ms. Grande had edited the principal bond document, the Loan and Trust Agreement, into a 50-page document which she distributed to the Commissioners. Ms. Grande then led the Commissioners through a page-by-page review of the principal points of the Loan and Trust Agreement. There were various questions raised by the Commissioners seeking clarification of certain provisions of the Agreement, and Ms. Grande provided explanations, as well as noted several Commissioner comments that she said that she would address with counsel for the other parties to the Agreement.

Ms. Grande's presentation concluded at 6:10 PM. Chairperson Kane thanked Ms. Grande for her presentation, which he said was thorough and enlightening.

Chairperson Kane then called for a five minute recess. The meeting resumed at 6:15 PM.

Mr. Rogers then provided an update with respect to several additional matters. He noted that certain legal opinions were required in connection with the bond transaction, and that the various bond attorneys were sorting out which firm would be providing those opinions. Mr. Rogers noted that this was not an unusual process, and that he was confident that it would be resolved within a short period of time.

Mr. Rogers then began a discussion of the so-called "clawback" issue. He noted that the I-195 statute contains a provision designed to prevent landbanking by purchasers. As a device to assist in implementing this provision, he noted that the initial draft of the bond documents circulated in August 2012 contained a provision which allowed the sales proceeds of any transaction to be placed in escrow for a period of twelve months after closing, so as to be available to the District in the event that a landowner did not commence construction within the twelve-month period and a payment needed to be made to the purchaser in connection with reacquisition of title by the District. While the details of how and on what basis the District might reacquire a title has not been determined, the availability of those funds would enable the District to have the flexibility to determine what, if any, payment might be made to a purchaser in those circumstances. Mr. Rogers noted that the State has now taken the position that the net proceeds of any sale of real estate should immediately be applied to pay down the bonds, and would not be available to the District in the event of a repurchase of a parcel. The Director of Administration, Richard Licht, and his counsel, John Gowell, were present. Mr. Gowell noted that there were various remedies available to the District in the event that a purchaser did not commence construction within the twelve-month other than by making a payment to the defaulting purchaser and that the State wished to pay down the bond indebtedness as soon as possible. Mr. Rogers noted that that there are other remedies in the event a purchaser fails to commence construction within twelve months but that the

availability of the proceeds related directly to the Commission's view of itself as being the entity to make decisions in these matters . A discussion followed among the Commissioners with additional commentary from Messrs. Licht and Gowell. At the end of the discussion, Mr. Licht stated that he would be willing to consider an arrangement whereby some portion of the net proceeds would be available to the District and the balance would be applied to repayment of the bonds. It was agreed that Messrs. Rogers and Gowell would discuss the matter further, and come back to the parties with a recommendation.

Next followed a discussion of the terms and provisions of the mortgage which the Commission has conditionally agreed to grant to the State. Mr. Rogers noted that among the conditions was a requirement that the State execute partial releases for each of the parcels, and deliver those into escrow with a title insurance company at the time the mortgage is granted. Mr. Rogers noted that the State has indicated that it is not willing to grant partial releases in advance but will contractually agree to do so at the time of each sale. Messrs. Licht and Gowell explained the State's position which they said was a commercially reasonable arrangement. A discussion followed. As with the "clawback" issue, it was agreed that Messrs. Rogers and Gowell would discuss the matter further, and report back to their clients.

Mr. Rogers finally advised that, with respect to the conveyance of the I-195 real estate to the District, updated title searches had noted some technical title issues which the parties are working through. Mr. Rogers expressed confidence that those matters would be addressed in time for a closing.

Mr. Rogers also noted that none of the issues discussed during his presentation were "deal killers," and he expressed confidence that all would be addressed on a basis that would enable the parties to proceed with the contemplated transaction.

4. CHAIRPERSON'S REPORT/AGENDA FOR APRIL 8, 2013 MEETING

Chairperson Kane noted that the next meeting of the Commission will be on Monday, April 8, 2013. He said that by that meeting it is hoped that the real estate and bond issues will be resolved and that the Commission will be in a position to approve the bond and real estate acquisition resolution.

Chairperson Kane noted that Brown University is not ready to make a presentation to the Commission, and will let the Commission know when it is ready to make a presentation.

There being no further business in Public Session, upon motion duly made and seconded, the meeting was adjourned at 7:00 PM.



Colin P. Kane
Chairperson